

FISCAL IMPACT STATEMENT ON BILL NO. **H.3820**

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TO: The Honorable Harry F. Cato, Chairman, House Labor, Commerce and Industry Committee  
FROM: Office of State Budget, Budget and Control Board  
ANALYSTS: Kenneth Brown, Rodney Grizzle, Beth Campbell  
DATE: April 10, 2007 SBD: 2007296

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AUTHOR: Representative Cato PRIMARY CODE CITE: 12-6-1610  
SUBJECT: Omnibus Coastal Property Insurance Reform Act of 2007

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

The Bill would create the Omnibus Coastal Property Insurance Reform Act which would allow an insurance policy holder to establish a catastrophe savings account, allows the director of the Department of Insurance to issue general orders applicable to all insurance companies after a declaration of a state of emergency, clarifies the definitions of insurable property and coastal area relating to eligibility for coverage by the South Carolina Wind and Hail Underwriting Association and establishes the South Carolina Hurricane Grant Damage Mitigation Program.

**EXPLANATION OF IMPACT:**

Department of Insurance

The Department indicates that this Bill would require additional General Funds of the State totaling \$220,000. Recurring cost of \$200,000 would cover salary and fringe for Three (3.00) FTE positions, a Program Administrator at \$75,000, a Program Coordinator at \$50,000 a Administrative Assistant at \$25,000 and operating costs of \$50,000 to create a website, print brochures, grant application and other documents to educate the public about the grant program, and for travel and subsistence. Nonrecurring costs of \$20,000 would cover office furniture and computers.

Administrative Law Court

The Court indicates that there will be a minimal cost to the General Fund of the State, which can be absorbed by the agency at the current level of funding. Although the Administrative Law Court has processes involving both the Department of Insurance and the Department of Revenue, there is not sufficient historical data to provide an accurate cost as to the number of hearings that the Court may result from this legislation.

Department of Revenue

The Department estimates there will be a cost of \$15,000 for programming and form changes. However, this cost will be absorbed by the agency.

Approved by:



Harry Bell  
Assistant Director, Office of State Budget